

RACING AND GAMING COMMISSION[491]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 99D.7 and 99F.4, the Racing and Gaming Commission hereby gives Notice of Intended Action to amend Chapter 5, “Track, Gambling Structure, and Excursion Gambling Boat Licensees’ Responsibilities,” Chapter 11, “Gambling Games,” and Chapter 12, “Accounting and Cash Control,” Iowa Administrative Code.

Item 1 clarifies the existing subrule regarding firearms possession within licensed facilities.

Item 2 specifies the need for a standard operating procedure addressing surveillance maintenance, emergency plans, and capabilities.

Item 3 removes “implements of gambling” from the items for which written notice of sale or removal is required.

Item 4 allows for bonus systems that are connected or integrated with slot machines.

Item 5 allows for the keno payout to be 70 percent.

Item 6 makes unclaimed ticket adjustments consistent with slot machine tickets.

Item 7 prohibits gaming floor designation for the sole purpose of keno runners when no other gambling games are present.

Item 8 allows for slot machines that incorporate an ability-based bonus as a small percentage of the overall slot machine payout.

Item 9 clarifies what type of slot system access commission representatives have.

Item 10 clarifies what types of meters must be recorded by the slot machine game.

Item 11 clarifies what slot machines are progressive slot machines and what games are considered bonus features.

Item 12 clarifies what revenue exceptions shall be reported to the commission representative.

Item 13 requires surveillance departments to be operated in an autonomous fashion.

Item 14 requires control for access to, method for removal of, and procedures governing the record of implements of gambling, such as cards and dice.

Item 15 clarifies key control of table game containers.

Item 16 clarifies key control of slot machine containers.

Item 17 clarifies what changes to the slot system shall be logged.

Item 18 allows for an emergency drop during defined circumstances.

Item 19 allows for alternative wear by the drop team when conducting the drop.

Item 20 allows for empty containers to be stored in a secure cart after the count.

Item 21 allows for the removal of containers for repair or destruction.

Item 22 clarifies when the table game information shall be reconciled in the accounting department.

Any person may make written suggestions or comments on the proposed amendments on or before May 25, 2010. Written material should be directed to the Racing and Gaming Commission, 717 E. Court Avenue, Suite B, Des Moines, Iowa 50309. Persons who wish to convey their views orally should contact the Commission office at (515)281-7352.

Also, there will be a public hearing on May 25, 2010, at 9:30 a.m. in the office of the Racing and Gaming Commission, 717 E. Court Avenue, Suite B, Des Moines, Iowa. Persons may present their views at the public hearing either orally or in writing.

These amendments are intended to implement Iowa Code chapters 99D and 99F.

The following amendments are proposed.

ITEM 1. Amend subrule 5.4(6) as follows:

5.4(6) *Firearms possession within ~~casino~~ licensed facility.*

a. No patron or employee of the licensee, including the security department members, shall possess or be permitted to possess any pistol or firearm within a ~~casino~~ licensed facility without the express written approval of the administrator unless:

(1) The person is a peace officer, on duty, acting in the peace officer's official capacity; or

(2) The person is a peace officer possessing a valid peace officer permit to carry weapons who is employed by the licensee and who is authorized by the administrator to possess such pistol or firearm while acting on behalf of the licensee within that ~~casino~~ licensed facility.

b. Each ~~casino~~ licensee shall post in a conspicuous location at each entrance to the ~~casino~~ a sign that may be easily read stating, "Possession of any firearm within the ~~casino~~ licensed facility without the express written permission of the Iowa racing and gaming commission is prohibited".

ITEM 2. Adopt the following **new** paragraphs **5.4(7)“d”** and **“e”**:

d. A surveillance department shall develop a standard operating procedure manual, which shall include surveillance system maintenance and emergency plans. This manual shall be made available for inspection by the commission and DCI.

e. A facility may include capabilities within the surveillance system for video recording of other areas of a facility and grounds, provided that commission and DCI access is unrestricted.

ITEM 3. Amend paragraph **11.4(6)“a”** as follows:

a. Any entity providing slot machines, gambling games or implements of gambling to a licensed facility must file written notice with the commission at least five calendar days prior to receipt by the facility. A licensed facility selling or an owner removing slot machines, or gambling games or implements of gambling from the facility must file written notice with the commission at least one day prior to removal. All methods of disposal for slot machines, gambling games or implements of gambling are subject to administrator approval. Notification by facsimile or electronic mail shall be considered written notice.

ITEM 4. Amend subrule 11.5(3) as follows:

11.5(3) The administrator is authorized to approve variations of approved gambling games and bonus features or progressive wagers associated with approved gambling games, subject to the requirements of rule ~~491—~~11.4(99F).

a. Features utilizing a controller or a system linked to gambling games that do not require direct monetary consideration and are not otherwise integrated within a slot machine game theme may be allowed as bonus features. Payouts from these bonus features may be included in winnings for the calculation of wagering tax adjusted gross receipts when the following conditions are met:

(1) The only allowable nonmonetary consideration to be expended by a participant shall be active participation in a gambling game with a bonus feature or use of a player's club card, or both.

(2) The actual bonus payout deductible in any month from all qualified system bonuses requiring no additional direct monetary consideration shall be:

1. No more than 2 percent of the coin-in for all slot machines linked to any system bonuses for that month, if slot machines linked to system bonuses exceed 20 percent of the total number of slot machines;
or

2. No more than 3 percent of the coin-in for all slot machines linked to any system bonuses for that month, if slot machines linked to system bonuses are less than or equal to 20 percent of the total number of slot machines; or

3. No more than 3 percent of the amount wagered on the qualifying bets for all table games linked to any system bonus for that month.

(3) The probability of winning a system bonus award shall be the same for all persons participating in the bonus feature.

b. Noncashable credit payouts may be allowed as bonus feature payouts subject to the administrator's approval of individual accounting, expiration and redemption practices.

ITEM 5. Amend subrule 11.8(3) as follows:

11.8(3) For any type of wager offered, the payout must be at least ~~80~~ 70 percent.

ITEM 6. Amend subrule 11.8(6) as follows:

11.8(6) All winning tickets shall be valid up to a maximum of one year from the date of purchase. ~~The dollar value of all All expired and unclaimed winning tickets shall be added to existing keno jackpots in a manner approved by the administrator. subject to the requirements in 491—paragraph 12.11(2) “b.”~~

ITEM 7. Adopt the following **new** subrule 11.8(9):

11.8(9) An area of a facility shall not be designated as gaming floor for the sole purpose of keno runners, who accept patron wagering funds remotely from the keno game location.

ITEM 8. Amend paragraph **11.9(1)“a”** as follows:

a. A slot machine game’s theoretical payout must be at least 80 percent and no more than 100 percent of the amount wagered. The theoretical payout percentage is determined using standard methods of probability theory. Slot machine games with a bonus feature that is available with varying payouts based on the player’s ability shall be allowed if the difference between the minimum and maximum payout for all ability-based outcomes does not exceed a 4 percent contribution to the overall theoretical payout of the slot machine game.

ITEM 9. Amend subrule 11.9(5) as follows:

11.9(5) Communication equipment. Equipment must be installed in each slot machine that allows for communication to an online monitoring and control system accessible, with read-only access, to the commission representatives using a communications protocol provided to each licensed manufacturer by the commission for the information and control programs approved by the administrator.

ITEM 10. Amend subrule 11.9(6) as follows:

11.9(6) Meter clears. Prior to the clearing of electronic accounting meters detailed in paragraph 11.10(2) “c,” a licensee must notify a commission representative. All meters ~~must be recorded before and after being cleared~~ recorded by the game must be retained according to the requirements in 491—subrule 5.4(14).

ITEM 11. Amend subrule 11.12(1) as follows:

11.12(1) Meter required. A progressive machine is a slot machine game with an award amount that increases based on a function of credits bet on the slot machine and that is awarded when a particular configuration of symbols or events is displayed on the slot machine. Random events generating awards independent of the base slot machine game and not dependent on any specific slot machine game shall be considered bonus features. A progressive slot machine or group of linked progressive slot machines must have a meter showing the progressive jackpot payout.

ITEM 12. Amend subrule 12.2(4) as follows:

12.2(4) Whenever forms or serial numbers are required to be accounted for or copies of forms are required to be compared for agreement and exceptions are noted, ~~such exceptions irreconcilable gambling revenue exceptions~~ shall be reported immediately and in writing to the commission. All other exceptions shall be recorded in a log, accessible to commission representatives, maintained according to the requirements in 491—subrule 5.4(14).

ITEM 13. Rescind paragraph **12.3(1)“e”** and adopt the following **new** paragraph in lieu thereof:

e. Surveillance internal controls that include:

(1) Surveillance departments that shall be operated in an autonomous fashion, as separate and distinct entities from all other departments. A gaming facility’s organizational structure shall place the director of the surveillance department directly under the span of control and authority of the operator’s board of directors or appropriate parent company executive where practical. Under no circumstances will the director of surveillance report to or take direction from any authority at a level below the general manager.

(2) Administration of the network for the purpose of utilizing and transmitting live or recorded views or images of a video surveillance system for asset protection, loss prevention, investigation of

tort/liability claims, game protection, employee oversight, resolution of patron disputes, corporate governance, management analysis, or other use consistent with a licensee's statutory responsibilities as approved by the administrator.

ITEM 14. Adopt the following **new** paragraph **12.3(1)“f”**:

f. Game control, including but not limited to procedures for the storage, removal and record of implements of gambling. The gaming control shall be designed to document:

- (1) Access to implements of gambling not in use.
- (2) Method for removal of implements of gambling from an active gambling game.
- (3) Procedures governing the record of total inventory of implements of gambling, documenting both additions to and removal from storage and active use.

ITEM 15. Amend paragraphs **12.5(1)“a”** and **“b”** as follows:

a. A lock securing the contents of the container, the key to which shall be ~~checked out~~ logged out by the drop count team.

b. A separate lock securing the container to the gaming table, the key to which shall be different from ~~each of the keys to locks securing the contents of the container~~ the key in paragraph 12.5(1) “a” and shall be logged out by the drop team, count team, or emergency drop personnel pursuant to subrule 12.13(1).

ITEM 16. Rescind rule 491—12.9(99F) and adopt the following **new** rule in lieu thereof:

491—12.9(99F) Slot machine container and key. Each slot machine shall have a container(s) that is housed in a locked compartment(s) separate from any other compartment of the slot machine.

12.9(1) Each container shall:

a. Have a lock securing the contents of the container, the key to which shall be logged out by the count team or employees authorized by the internal controls to address container malfunction issues.

b. Have a lock to each compartment securing the container to the slot machine, the key to which shall be different from the key in paragraph 12.9(1) “a” and shall be logged out by the drop team, employees authorized by the internal controls to address container malfunction issues, or employees transporting container(s) according to rule 491—12.13(99F).

c. Be identified at the time of removal by a number corresponding to the number of the slot machine from which the container is removed.

12.9(2) Keys referred to in subrule 12.9(1) shall be maintained and controlled by the security department in a secured area. The facility shall establish a log-out procedure for all keys removed from the secured area.

12.9(3) Other keys to each slot machine or any device connected thereto which may affect the operation of the slot machine shall be maintained in a secure place and controlled by the slot department.

ITEM 17. Amend subrule 12.12(5) as follows:

12.12(5) The licensee shall maintain a current log, accessible to commission representatives, of all changes and updates made to the online monitoring and control system that affect any part of the system's message digest. ~~All~~ These changes and updates shall be approved as required by 491—subrule 11.4(1).

ITEM 18. Amend subrule 12.13(1) as follows:

12.13(1) Each facility shall place on file with a commission representative a schedule setting forth the specific times at which the containers will be brought to or removed from the gaming tables or slot machines for transport to the count room. An emergency drop that deviates from the schedule shall be permissible for instances of full containers or container malfunctions provided that representatives from the security department and another department conduct the drop and the process is recorded by the surveillance department from the time of machine entry until the container is secured in the count room or other approved secure location. The commission representative shall be notified after each occurrence.

ITEM 19. Amend paragraph **12.13(3)“a”** as follows:

a. Be removed by a drop team ~~who shall wear~~ wearing uniforms or outer garments as required by subrule 12.15(2).

ITEM 20. Amend paragraph **12.15(4)“f”** as follows:

f. Immediately after the contents of a container are emptied onto the count table or coin scale, the inside of the container shall be held up to the full view of a closed circuit surveillance camera and shall be shown to at least one other count team member to ensure all contents of the container have been removed and, if applicable, the container shall then be locked. ~~Empty~~ By the end of the count process, empty containers shall be secured in a container cart or an area separate from uncounted containers.

ITEM 21. Amend subrule 12.13(5) as follows:

12.13(5) Empty containers not secured to the gaming tables or slot machine ~~cabinets~~ compartment shall be stored in the count room or an approved secured location. Empty containers may be removed from the count room or secured area for repair or destruction provided the surveillance department is notified and the inside of the container is held up to the full view of a closed circuit television camera prior to removal.

ITEM 22. Amend paragraph **12.15(5)“h”** as follows:

h. The originals and copies of the master game report, requests, slips, table inventory slips, and the test receipts from the currency counting equipment shall, on a ~~daily~~ gaming day basis in the accounting department, be:

(1) to (6) No change.